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ABSTRACT

An important part of the strategies for reducing youth unemployment in Australia and the United States is to improve the education and training of young persons, especially those from socially disadvantaged backgrounds. However, this approach fails to recognize that youth unemployment is also caused by the demographic bulge of youth entering the labor market in recent years, minimum wages for youth that exceed the value of their productivity, and poor economic conditions under which youth suffer more than older job-seekers. This paper explores each of the causes of youth unemployment with respect to underlying arguments, policy implications, and strength of evidence. The preponderance of evidence suggests that the deterioration of economic conditions bears the major responsibility for youth unemployment. Thus, the solution to the problem is not likely to be found primarily in the education arena. (Author/WD)

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YOUTH UNEMPLOYMENT AND ITS EDUCATIONAL CONSEQUENCES

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YOUTH UNEMPLOYMENT AND ITS EDUCATIONAL CONSEQUENCES

Abstract

This paper explores the serious problem of youth unemployment in Australia and in the United States and it attempts to assess the causes and possible educational implications. In both countries an important part of the strategy for reducing youth unemployment is to improve the education and training of young persons, and particularly those from socially disadvantaged backgrounds. However, this approach must assume that youth unemployment is caused primarily by inadequate education and training, and there are at least three other prominent explanations for the gravity of the situation.

The four leading explanations for youth unemployment are: (1) the demographic bulge of youth entering the labor market in recent years; (2) minimum wages for youth that exceed the value of their productivity or make them non-competitive with adults; (3) a deterioration in education and training in recent years; and (4) poor economic conditions under which youth suffer more than their older peers. Each of these explanations is reviewed with respect to the underlying argument, policy implications, and strength of the evidence. The preponderance of evidence suggests that it is the deterioration of overall economic conditions that bears the major responsibility for youth unemployment.

The final section of the paper reviews the consequences for public policy, with special emphasis on educational and training programs. Specific policy responses are discussed, but a major point that is stressed is that since youth unemployment does not seem to be caused primarily by educational and training phenomena, its solution is not likely to be found primarily in the educational arena. Such a conclusion tends to conflict with the dominant public policies being pursued by both Australia and the U.S.

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I. INTRODUCTION

The problem of youth unemployment has become a serious dilemma throughout the western industrialized societies.[1] In this paper I will focus specifically on youth unemployment in two countries, Australia and the United States, with particular emphasis on the relations between education and youth unemployment. To at least some politicians, the problem is essentially rooted in the alleged failures of the educational system. For example, the Prime Minister of Australia, Malcolm Fraser, has charged on several occasions that the Australian educational system simply doesn't qualify many youth for the substantial job vacancies that exist in that country.[2] But, there are several competing explanations for youth unemployment, and each of these has profoundly different implications for policy. The purpose of this inquiry is to explore the rather different histories of youth unemployment in Australia and the United States and to evaluate the causes of the problem as well as some possible solutions.[3]

Before proceeding with these analyses, it is important to present the recent experiences of the two countries with respect to youth unemployment. In general, youth unemployment refers to the situation of persons below the age of 25 who are in the labor force, but lack productive work.[4] A component of youth that is particularly susceptible to unemployment is that of teenagers, so a separate evaluation is often made for persons between the ages 15 and 19 in Australia and 16 and 19 in the U.S. The seriousness of the youth unemployment problem in both countries as well as its increasing gravity in recent years is displayed in Table One which shows unemployment rates for selected years and age groups.

Table One

Unemployment Rates for Selected Years and Age Groups--Australia and U.S.
(Unemployed as percentage of Civilian Labor Force)

Australia

	Age			
	15-19	20-24	25 and over	All Ages
1965	2.8	1.5	0.9	1.2
1974	4.2	2.4	1.1	1.6
1975	10.1	5.6	2.5	3.9
1979	17.0	9.3	3.7	6.2

United States

	Age			
	16-19	20-24	25 and over	All Ages
1955	11.0	7.0	3.6	4.0
1965	14.8	6.7	3.2	4.5
1973	14.5	7.8	3.1	4.9
1979	16.1	9.0	3.9	5.8

Source: Australian data are taken from Australian Bureau of Statistics, The Labour Force (Canberra: various dates). U.S. data for 1955-73 are taken from Norman Bowers, "Young and Marginal: An Overview of Youth Unemployment" in Young Workers and Families: A Special Section, U. S. Department of Labor, Bureau of Labor Statistics, Special Labor Force Report 233, (Washington, D.C.: 1979), p. 5. 1979 data are calculated from U.S. Department of Labor, Bureau of Labor Statistics, Employment and Unemployment During 1979: An Analysis, Special Labor Force Report 234 (Washington, D.C.: 1980), Table 4.

Until 1974, Australia had a very low rate of overall unemployment at 2 percent or below, and youth unemployment was only slightly higher, with teenage unemployment of 3-4 percent and unemployment of those 20-24 years of age between 1.5 and 3 percent. Between 1974 and 1975 the overall unemployment rate in Australia more than doubled, with an even greater absolute and proportionate increase in youth unemployment. All of these rates have continued to rise until by 1979 teenage unemployment had risen to 17 percent, that of 20-24 year olds to over 9 percent, and the overall rate of unemployment to over 6 percent. In summary, there has been a precipitous rise in both overall Australian unemployment rates and those of youth in the latter part of the decade of the seventies.

In contrast, the United States has had consistently higher unemployment rates than Australia for all groups until very recently. Even in 1955, teenage unemployment in the U.S. was 11 percent and overall unemployment was 4 percent. Over the last quarter century the overall unemployment rate has increased from 4 percent to just below 6 percent with large fluctuations over the business cycle. Teenage unemployment has increased over this period by about the same proportionate change, an increase from 11 percent to 16 percent, and the unemployment rates of 20-24 year olds have increased from 7 to 9 percent.

The patterns in the two countries show both similarities and differences. For both countries youth unemployment has generally moved in the same direction as adult unemployment, only the former has gotten more serious relative to the latter in recent years. In 1965 the teen unemployment rate was about three and one half times as great as that for persons 25 and over in the U.S. and about three times as great in Australia. By 1979 these ratios had increased to about four for the U.S.

to over four and one half for Australia, suggesting a tendency for the teenage unemployment rate to rise at an even faster rate than that of adults. There is also evidence of relatively greater deterioration in unemployment rates for 20-24 year olds when compared with those 25 and over.

Indeed, a related similarity is the remarkably low level of adult unemployment in both countries. As youth get older, the probability of their facing unemployment declines considerably, a matter that we will return to when we consider why youth unemployment is a problem. Despite these similarities in youth unemployment patterns between the two countries, there is one major difference. Problems of high overall unemployment and youth unemployment are relatively recent phenomena in Australia in comparison with the U.S. For example, in 1965 the U.S. overall unemployment rate was 4.5 percent and that of teenagers was almost 15 percent. In the same year, the corresponding rates for Australia were only 1.6 percent and 4.2 percent. But, by 1979 Australia had unemployment rates in both categories that exceeded those of the U.S.

Why is youth unemployment considered to be such a serious problem? After all, it is just a matter of time before youth reach the age where the probability of unemployment reaches the national average, generally five or six years at the most. There are several reasons for social concern. At the very least youth unemployment rates are high in relation to any reasonable standard, and there is good reason to believe that the situation is getting worse. But, there are other aspects that tend to underline the gravity of the youth situation.

First, it is feared that youth unemployment may have profound effects on altering values and attitudes of the affected persons and make it increasingly difficult to integrate them into both social and economic

institutions. Historically, the western industrialized nations like the U.S. and Australia have had relatively high rates of employment with jobs available for almost all who sought work. Clearly, this has been less true for the U.S. than for Australia, but now both countries are confronting youth with an increasing probability of unemployment. Of course, even the present rates of unemployment understate the true situation because they do not include the so-called discouraged worker who has given up looking for work because of poor employment prospects.

Youth who face a situation of unemployment for prolonged periods are likely to be angry and frustrated at their inability to find productive employment. This frustration may undermine their respect for traditional social values in a society that cannot provide employment to those who desire and need jobs. Such cynicism may contribute to various forms of anti-social behavior such as vandalism, crime, drug use, and alcoholism. Indeed, there is a danger that a subculture of cynical and destructive youth could become a major by-product of massive youth unemployment.

Second, even though the probability of unemployment falls very rapidly as youth approach their mid-twenties, there is a concern that periods of youth unemployment may have longer term consequences on earnings and job performance. For example, some persons may become so accustomed to working irregularly or not at all that they may develop anti-work attitudes. Others will lack the early experiences in the labor market that provide the background for later career mobility, and they may be relegated to lower level positions for their entire careers. Others yet, will simply never catch up to their colleagues who were more fortunate in obtaining jobs at the time of leaving school. There is at

least some evidence of the long run "damage" of youth unemployment in the U.S. where statistical studies of workers show that earlier periods of youth unemployment for blacks are associated with lower earnings in later years when regular employment patterns are established.[5]

A third aspect of youth unemployment is that it has important implications for equity among races, sexes, and persons drawn from different social classes. The probability of unemployment among youth is hardly a random event that affects all social groups equally. In the United States, it is heavily concentrated among blacks and persons drawn from the least advantaged educational and social backgrounds. For example, although about 14 percent of white males and females in the 16-19 year old category were unemployed in 1979, black males and females in this age range faced unemployment rates of 36 percent and 39 percent respectively.[6] Likewise, those with the lowest educational attainments and whose parents have low incomes and occupational status are more likely to be victims of the youth unemployment phenomenon than those with more education and from more advantaged families.[7] Indeed, 50 percent of all teenage unemployment in the U.S. seems to be concentrated among only 10 percent of teenagers, and these are predominantly those with the least education and other resources.[8] In Australia, too, it is recognized that the early school leaver is especially subject to unemployment,[9] and that such persons are typically concentrated among the lower socioeconomic groups.[10] Thus, basic patterns of economic and social inequity are mirrored in the patterns of unemployment among youth, where those who derive from the least advantaged circumstances are also those who are most susceptible to youth unemployment.

A final reason for social concern is the effect that youth unemployment has on the schooling process itself.[11] To the degree that one of the principal reasons for pursuing secondary schooling conscientiously is the expectation that it will lead to reasonable employment prospects, high rates of unemployment are likely to have an impact on the behavior of students. At the very least, it may be difficult to keep such students motivated to undertake educational experiences that are not intrinsically interesting to them. Problems of student discipline may rise in response to a frustration with both the educational process and its falling currency as a ticket to employment. Under certain circumstances, high youth unemployment may also lead to reduced incentives for secondary school completion.[12] In Australia, in particular, there is evidence in recent years of declining rates of secondary school completion among males.[13]

In summary, high levels of youth unemployment are troubling for Australia, the U.S., and other industrialized societies for several reasons. First, the phenomenon undermines a traditional expectation and implicit right of youth that jobs will be available to all who wish to work. This means that many youth will suffer through protracted periods in which they are unable to find productive work, and these experiences may create a cynicism and anti-social set of attitudes and behavior among those who are affected. Second, youth who experience substantial unemployment may also experience lower future wages and career mobility as a consequence, even when they are able to obtain regular employment as they reach adulthood. Third, there are important equity implications in that persons from the least advantaged social backgrounds are most heavily impacted by youth unemployment. Finally, substantial prospects of unemployment among youth may affect schooling patterns by reducing the incentives of

youth to adapt to the demands of the educational system and to complete secondary school.

II. CAUSES OF YOUTH UNEMPLOYMENT

As with so many complex social phenomena, there are many explanations for youth unemployment. Each view competes for adherents with the others, and each suggests a rather different policy approach to addressing the problem. In this section, we will review the four main explanations for youth unemployment. Before proceeding with this comparison, it is important to mention two aspects of youth unemployment which are often sources of analytic confusion in trying to assess the phenomenon.

The first source of confusion on evaluating the major causes and cures for youth unemployment is the rather common difficulty of mixing analyses at two different levels of social aggregation. Most of the literature that addresses youth unemployment views it as a macro-level phenomenon in which the concerns are expressed on a societal level. That is, they ask what are the causes of the overall magnitude of youth unemployment, and how can it be reduced? But, it is also possible to ask why certain youth are more susceptible to unemployment than others and to explain differences in the likelihood of unemployment among individuals. That is, one can ask why certain types of individuals are more likely to be unemployed than others, and what can be done about it.

The major error that arises when the two levels of analysis are confused is the application of findings on the determinants of unemployment among individuals to solutions for alleviating the overall problem of youth unemployment. For example, it is clear that individual youth with low educational accomplishments are the ones most likely to suffer from

unemployment, while persons with higher educational attainments suffer the least. Therefore, from the perspective of the individual young person, obtaining more education will reduce his or her probability of unemployment. However, it does not follow from this that when everyone obtains more education that the average amount of youth unemployment will be diminished or that the level of employment for the labor force will rise.

The individual who obtains more schooling is simply likely to displace one with less schooling in the overall job queue. In this case, the understanding of differences in employment prospects among individuals cannot be used to address employment prospects for large groups.[14] Improving the prospect of one individual may simply serve to displace another from the existing pool of jobs. Without an aggregate increase in the size of the job pool itself, increasing the probability of employment of one individual cannot be done without jeopardizing that of another. Thus, the employment solution for an individual youth is not an appropriate basis for addressing the overall problem of youth unemployment.

A second area of potential confusion in evaluating the causes of youth unemployment is that most of the evidence is based upon comparing the trend of youth unemployment over time with the trends of various potential determinants. Over the past decade and one half, there have been increases in the population of youth, aggregate unemployment, minimum wages, and unemployment compensation and decreases in measurable educational standards. Since all of these are considered to be factors that may affect the magnitude of youth unemployment, it is possible to construct a case for any one of them by just asserting the coincidence of time trends. That is, it can be argued that it was an increase in the minimum

wage or in the demography of youth or a fall in educational standards that explains the rise in youth unemployment by virtue of the fact that changes in each of these tend to coincide with changes in youth unemployment.

But, such an interpretation may be quite erroneous. First, since all of the potential determinants have followed a similar time trend, it may be difficult to separate their unique impacts on youth unemployment.[15] Second, it is possible that a common set of forces has influenced the behavior over time of both the potential determinants and youth unemployment, so that there is no causal pattern at all. In this case, any inference about causality becomes hazardous, since a common time trend will have affected all of the data. The main conclusion that can be drawn from this discussion is that the precise timing of the trends as well as supportive evidence that is drawn from other sources must be used to determine the validity of any causal inference. The fact that the general time trend between a potential explanatory factor coincides with rises in youth unemployment is not sufficient evidence in itself to support a causal relation.

There are four leading causes of youth employment that are asserted in the literature: (1) the demographic bulge of youth entering the labor market in recent years; (2) minimum wages for youth that exceed the value of their productivity or make them non-competitive with adults; (3) a deterioration in education and training in recent years; and (4) poor economic conditions under which youth suffer more than their older peers. All of these may have some basis, but it is important to ascertain which are the dominant causes from a policy perspective. That is, if some of the explanations account for only a small portion of the increase in youth unemployment and others account for most of the increase, the policy solutions should

focus on the implications of the major explanatory factors rather than giving them all equal weight.

In what follows, an attempt will be made to review each explanation in three parts. First, a presentation and analysis of the explanation will be made. That is, what is the causal link between a particular phenomenon and youth unemployment? Second, the appropriate policy solution that follows from the explanation will be delineated. That is, how can public policy be used to intervene to improve the situation? Finally, a presentation will be made of the evidence supporting the particular explanation as well as an evaluation of that evidence. By reviewing systematically each of the four explanations, it is possible to draw some tentative conclusions about both the causes of and possible solutions for youth unemployment.

Youth Demography

One of the most popular explanations for the deteriorating situation of youth in labor markets is that the sheer number of young persons entering the workforce tended to increase at a much faster rate than they could be absorbed. Especially important in this respect was the effect of the baby boom that followed World War II. The sixties and seventies were characterized by rather large increases in the number of persons in the 16-24 year old age range. Although the increase in such persons could normally be handled by the labor force over the long run, it has not been possible to absorb them over the short run. Accordingly, youth unemployment rates have risen dramatically in the seventies.

The main policy solution that is associated with this explanation is that of patience. That is, although there has been a temporary bulge in the number of youth seeking work, it will fall as the youth population

declines in both absolute and relative terms. Thus, if we wait long enough to get over the effects of the baby boom on the labor market, unemployment rates for youth will decline. In addition, any policy that can delay youth from entering the labor market at such times can also be helpful. Education and training programs and expansion of the military that will reduce the supply of youth searching for jobs can have such an effect.

The evidence supporting the view that youth demography is a principal cause of youth unemployment is singularly unimpressive. In the case of Australia, the population 15-19 grew dramatically from 9.2 percent of the population age 15 and over in 1954 to almost 13 percent in 1966.[16] By 1971 it had fallen to 12.2 percent, and it continued to fall in the latter seventies when youth unemployment experienced its most marked increases.[17] The highest levels of increase of the youth population were associated with the lowest levels of youth unemployment.

For the U.S., the explanation is equally unconvincing as a dominant one. First, a pure demographic effect would have resulted in poorer employment prospects for all youth. Yet despite large increases in the number of white youths in the population, the percent of that group that was employed actually increased between 1969 and 1977, while the employment rates of black youth as a percentage of their population decreased profoundly.[18] That is, to a large degree it was the employment opportunities of black youth that deteriorated rather than all youth. This suggests that there was no "pure" demographic effect, since by at least one measure (employment as a proportion of population) the situation of white youth actually improved. Second, by the latter seventies the youth population had begun to stabilize as a proportion of the population with

a forecast for a relative decline in the eighties. Yet, there was no evidence of improvement in employment prospects during this period.

In summary, while the demographic situation may have accounted for some increase in youth unemployment, it does not appear to be a major cause. The time patterns of increase in the youth population do not coincide well with the levels of youth unemployment in either Australia or the U.S. Indeed, youth unemployment had been high in the U.S. over all phases of the demographic cycle, and in Australia the demographic bulge preceeded the present youth unemployment crisis.[19] Further, the fact that there is a distinct racial pattern to the increase in youth employment and unemployment in the U.S. in which employment/population ratios of white youth have actually improved while those of nonwhites have deteriorated suggests that the demographic explanation has little generalizable power. That is, the explanation requires assumptions about racial separability of labor markets to be even moderately plausible.

Minimum Wages

A second explanation is that minimum wages for youth have tended to price them out of jobs, since their productivity is not adequate to justify such wages. This explanation is based upon the assumption of perfectly competitive labor markets in which it is assumed that workers are paid the value of their contribution to production. Given high minimum wages for youth who are not productive enough to earn such wages, employers will tend to hire older workers and provide more capital investment in plant and equipment in place of youth who might otherwise have been hired at a lower wage. The solution that follows

from this explanation is to reduce the minimum wage for youth by creating a two-tiered minimum wage system.[20] Under this system, employers would provide a lower minimum wage for youth than for adults. Presumably, more youth would be hired, and they would receive the lower minimum wage only while receiving job experience and training. By the time their productivities had risen to a level commensurate with higher wages, they would be eligible for the higher, adult minimum wage or market forces would have bid up their remuneration to a level above minimum wage.

The effect of minimum wages on youth unemployment is difficult to assess, since there are a number of possible relations. First, if the minimum wage rises, it is possible that "more productive" adults will be preferred to youth so that youth will lose jobs to adults. Second, if the minimum wage rises, it is possible that employers will substitute more capital-intensive methods of production for all employees. Third, there is the possibility that the effects of the minimum wage will not be felt immediately, because it takes awhile for employers to make adjustments. Even so, the view that youth unemployment has been largely attributible to rises in the minimum wages seems unlikely for both Australia and the U.S.

In Australia, the best evidence to support the effects of a rising minimum wage are that between 1971 and 1974, the relative weekly earnings of junior males (under 21) rose from 52.4 to 55.9 percent of that of adult males.[21] Beginning in 1975 there was a precipitous increase in unemployment rates of youth, possibly stimulated by the earlier rises in youth earnings. However, the pattern tends to be contradictory. For example, after 1977 the ratio of junior to adult earnings declined

slightly, but unemployment of 15-19 year olds rose from 15.2 percent to the 18 percent range by the beginning of 1980.[22] Further, the earnings of female juniors relative to female adults had changed scarcely at all between 1966 and 1978.[23] Yet female unemployment among 15-19 year olds has followed the same pattern as that for males, rising from about 4 percent in 1966 to over 20 percent in 1979.[24]

For the U.S. the evidence is equally anomalous. Most important is the fact that the earnings of young males relative to adult ones declined rather substantially between 1967 and 1977, regardless of rises in the minimum wage.[25] That is, the poor labor market conditions faced by the young seemed to have their effects not only on unemployment rates, but on the relative earnings of youth as well. Further, the rapid increase in prices in the seventies meant that the minimum wage was no higher relative to the median wage than it was in the preceding two decades.[26] Finally, even the largest estimate of the effects of minimum wages on youth unemployment is rather small, given the magnitude of such unemployment.[27] Taken together, these findings suggest that minimum wages in both Australia and the U.S. do not seem to be dominant factors in explaining youth unemployment in recent years.

Education and Training

A third explanation for the rise in youth unemployment is the view that the quality of the youth labor pool has declined in recent years by virtue of a deterioration in education and training. According to this explanation, youth are increasingly lacking in the skills that are required for productive work. As the Prime Minister of Australia explained in a speech given in August 1980, there is a rather straight-

forward explanation for the "...paradox of high youth unemployment co-existing with the growing shortage of skilled labour."[28] If the educational system were to do its job in creating a more qualified youth population, such youth would not face unemployment.[29]

If youth unemployment were a function of the low skills of the unemployed, the policy solution would be straightforward. Schools would need to be improved to make certain that they met the standards of employers, and training programs would have to be established and/or refurbished to address directly the types of skills that were needed in labor markets. That is, just as the U.S. War on Poverty of the sixties was largely fought on the beachheads of schools and training sites by an infantry of educators and training supervisors, the enemy of youth unemployment would be vanquished by a similar policy onslaught. The answer to youth unemployment and training would be to improve the effectiveness of the education and training system.

Three types of evidence seem to be used as a basis for the assertion that youth unemployment has risen in response to a deterioration in the education and training of youth. First, it is pointed out that the job situation is worse for persons with low educational attainments than for those with greater ones. That is, jobs are available for those with better education. Second, employers have complained about the performance of young workers.[30] Finally, there is widespread discussion and some data that suggest that educational standards have been declining.[31]

It is generally true that more educated youth are less likely to face unemployment than less educated ones. It has also been claimed that jobs are becoming more and more complex and are requiring ever

increasing skill levels.[32] When these two are taken together, it is only a small step to conclude that youth unemployment is simply a function of an increasing number of young persons who lack the education for work in an increasingly sophisticated workplace. This view rests on the premise that more jobs are available than qualified young persons to fill them.

Virtually all of the available evidence for both Australia and the U.S. suggest that this is not the case. In order to explore claims of a shortage of skilled labor, the landmark Williams inquiry did a special survey of the Australian labor market for 1977/78.[33] In the middle of 1977, it found that for every unfilled vacancy in the skilled trades, there were five adult males registered as unemployed in those trades.[34] Further, the pattern was similar in all major trade areas. To the degree that there were openings, they were due primarily to a regional mismatch of demand and supply, and even these amounted to only 1.3 percent of all jobs.[35] Further, the vast majority of these unemployed lacked work because it was unavailable rather than lacking qualifications for the jobs that they sought.[36]

In addition to the shortage of jobs, it is highly doubtful that existing entry-level jobs are too advanced for the young. There is considerable evidence that one of the major effects of automation has been the constant deskilling of jobs, and particularly ones where computerization has replaced human judgement.[37] Indeed, the job behavior of youth and high quit rates may be a response to the lack of challenge represented by the routinization of so many jobs as well as the lack of a career ladder.[38] Thus, if the skill requirements of jobs that have been filled traditionally by youth are declining and the opportunities

for advancement and higher wages are also diminishing with technological change, it would not be surprising to find that the response by youth was a deterioration in job performance. But, paradoxically, this phenomenon may result from education and skill levels of youth that are too high for available jobs rather than too low.[39]

In any event, data on the determinants of unemployment for individuals cannot be generalized to that of all of the unemployed as we stated above. Although a person with more education is less likely to be unemployed, it does not follow that a high-enough level of education for all youth will eliminate unemployment. That is, one must not confuse the factors that explain the distribution of unemployment with its causes. It must also be shown that enough jobs will be forthcoming to employ all job seekers, and this assurance is noticeably absent from such analysis.

Finally, there is the rather widespread view and some evidence to show that educational standards have fallen. Although this view is found in both Australia and the U.S., the data are widely available only in the United States.[40] Indeed, the Australian case is immediately suspect when one considers that the youth unemployment explosion began rather suddenly in 1975 rather than developing over a longer period of time in response to a longer term educational deterioration. Since there is no evidence in Australia of a sudden decline in educational standards over a one or two year period preceding the 1975 rise in youth unemployment, the relation seems implausible.

However, in the U.S. there is evidence that student performance on standardized tests administered at the secondary level has shown a continuous decline since the late sixties.[41] To the degree that these test scores serve to reflect student job skills, it might be argued

that a larger and larger group of students leave secondary schools without the skill to obtain productive work. Of course, there is a great deal of debate about what the test score declines actually mean.[42] However, even if we accept this evidence as reflecting a true decline in the job skills of the young, there is the larger issue of cause or effect.

That is, are the declining test scores a response to the deteriorating employment prospects or are they the cause of it? It is probably reasonable to assume that most students in secondary school pursue their studies, not because of the intrinsic value of the educational experience, but because of compulsory attendance laws and the expectation that what is learned will have value in the labor market. Of course, this is the principal reason that many students are willing to tolerate the boredom of the classroom and the discipline of the school. It is expected that at least a tolerable level of effort is necessary to succeed well enough in school to have access to a decent job.

Thus, a rather different interpretation of the relation between youth unemployment and falling test score performances of youth is that youth are devoting less effort to the traditional requirements of secondary education as the payoffs to such schooling decline. In the U.S. this phenomenon may be exacerbated by the increasingly, relaxed, admissions policies of colleges and universities as they scramble for a relatively smaller number of students in the aftermath of the record enrollments created by the baby boom generation. College admission is no longer as competitive a phenomenon as it was in the sixties, as students are successful in gaining access to institutions of similar status with lower test scores and poorer

achievement in traditional academic subjects. Under such conditions, the incentives to devote long hours to study and to pursue some of the more difficult elective courses have subsided.

In summary, the view that a decline in education and training standards relative to skill requirements of jobs is responsible for youth unemployment seems to have little support. The sheer scarcity of jobs for both youth and adults suggests that, at best, education may be used as a rationing device to determine who has greatest access to available employment. But, this does not mean that more jobs would be forthcoming for all youth or adults with higher educational attainments. Moreover, falling test scores seem to be more of a response to the depressed job market for youth than a cause of it.

Poor Overall Economic Conditions

This brings us to the fourth explanation of youth unemployment, that of poor aggregate economic conditions. This explanation suggests that as unemployment rises generally in the economy, youth are particularly vulnerable because of their lack of training and experience. Firms tend to be more willing to retain their experienced workers than to keep ones with low seniority or to hire new ones with no experience. Further, a lack of hiring will mean that those persons just entering the labor market will be most affected by the paucity of new opportunities. Thus, youth can be expected to suffer more from aggregate unemployment, with rates that exceed considerably the average level of unemployment. Under such a situation, there will simply be far more persons seeking jobs than available positions, and youth will have the least access to the openings that do exist.

The policy solution for high levels of general unemployment is to stimulate the economy through monetary and fiscal policies. More specifically, expansion of the money supply and planned deficits in the public budget have been used in the post-World War II period to increase the level of national income and employment in virtually all of the western industrialized societies. In addition, specific programs for creating jobs for young persons through public employment and subsidies of jobs in the private sector would be used to augment the macroeconomic solution for stimulating the economy.[43] Of course, these policies are, themselves, fraught with problems which will be discussed in the next section. But, if unemployment results from an economy which is operating below capacity, policies to stimulate the economy should increase employment along with those designed to augment particularly the job demand for youth.

The evidence that poor aggregate economic conditions and overall unemployment is the primary determinant of youth unemployment seems to be the most convincing single explanation. It is clearly the only explanation that fits closely the timing of changes in youth unemployment and its magnitude. As the overall unemployment rates for the two economies have varied, so have the rates of youth unemployment. That is, youth seem to be the principal victims of the aggregate economic situation as reflected in Table One and the more detailed time series describing the age composition of unemployment. For the U.S. a one percentage point rise in the adult male unemployment rate is associated with a 4-6 percent decrease in the proportion of males in the 16-19 year old group who are employed.[44] That is, youth tend to bear a disproportionate share of increase in unemployment.

This finding is further buttressed by a study of employment rates of young males in major metropolitan areas of the U.S. for 1970. In that study an attempt was made to explore the relation between adult unemployment in metropolitan areas and teenage employment patterns. With each one percentage point rise in adult male unemployment among metropolitan areas, there was a fall in the proportion of youth who were employed of 3-5 percent with the largest negative impacts on teenage unemployment.[45]

The evidence on this point is so compelling that a recent analytic report on the youth labor market by the U.S. Department of Labor concluded that:

> Perhaps the most significant fact about the youth labor market from a policy viewpoint is the severe disruption brought about by declining aggregate economic conditions. The initial job is more difficult to procure, young workers are more likely to be pushed out of their jobs, the duration of unemployment is extended, and wage growth is depressed.[46]

In summary, although four principal causes were posited for explaining the rise of youth unemployment in Australia and the U.S., the deterioration in overall economic conditions in the two countries seems to be the most important determinant of the phenomenon. The increase in the relative numbers of youth in the labor market, minimum wages, and declining educational standards may have had some impact, although the evidence on each tends to be contradictory. However, the state of the economy has shown a consistent and substantial relation to youth unemployment, and we conclude that it is the key factor.[47]

III. POLICY DIRECTIONS AND EDUCATION

According to the preceding analysis, the problem of youth unemployment is unlikely to yield to an educational solution for the reason that it is not primarily an educational dilemma. Rather, it is attributible in large measure to an economy that has provided fewer jobs than there are job-seekers. In this section, we will explore possible policy directions with respect to how to address youth unemployment, with special emphasis on the possible educational aspects. An underlying aspect of the discussion is the assumption that educational and training programs can only be a part of the overall solution, not the central solution.

Aggregate Economic Policies

The usual response to unemployment and low economic growth in societies like Australia and the U.S. is to stimulate the economy through both fiscal and monetary policy. By increasing the effective demand for goods and services through reducing taxes and raising government expenditures as well as by expanding the availability of credit and the money supply, the output and employment of the economy are expected to rise. Since youth unemployment is closely related to overall economic conditions and the rate of unemployment, the unemployment of youth could be expected to fall as general economic conditions improved.

But, in recent years there have been limits to our ability to stimulate the economy through monetary and fiscal devices. Perhaps the most important obstacle has been that of high levels of inflation. Expansionary policies tend to trigger higher price levels by increasing both demand for goods and services and by creating tighter labor markets that enable workers to obtain higher wages. Even in the absence of expansionary policies in the U.S. and Australia, increases in the price level have

been substantial and troublesome.[48] There has been a reluctance to push for expansionary policies that will increase imports and raise prices of exports at a time of chronic deficits in the balance of trade. Further, monopoly concentration in both economies has meant that the responses to rising demand may be bottlenecks and shortages in some sectors with continuing problems of overcapacity in others, while multinational firms ignore national priorities by pursuing an international rationalization of production that will maximize their profits.

A fuller response is to combine monetary and fiscal policy with the active labor market approach that has been developed most fully in Sweden, but has been emulated in most of the industrialized countries including Australia and the U.S. Such an approach acknowledges that aggregate economic policies in themselves will not work appropriately to address unemployment and low economic growth, unless they are augmented by other policies that will address structural problems in the economy.[49] Thus, monetary and fiscal policies are supplemented by subsidies to particular industries and firms in depressed regions; by substantial investment in training and retraining programs; by public employment programs and public subsidies for private sector jobs;[50] by substantial public assistance for the unemployed; by tax incentives and other promotional assistance for export industries; and by possible trade barriers on a selective basis against imports that threaten national industries.

For the forseeable future, policies like these will be used to address unemployment in Australia and the U.S. with clear limits to their potential success. In part the limits derive from the fear of inflationary effects, and in part from the political realities that constrain such policies.

Increases in public spending must come from either higher taxes or greater public debt. The former response invites taxpayer opposition and revolt, and the latter tends to fuel inflation. Further, it is difficult to pursue national labor market policies, if substantial numbers of the firms that participate are multinational in nature. The latter firms have not only the options available to them in a given society, but also potential options around the world. This means that they may seek subsidies as a form of blackmail to maintain their production facilities in a particular country or set governments against each other in the competition to provide incentives for plant location or expansion.

Further, job subsidy programs for the private sector may simply provide support for those firms that were expanding employment anyway. That is, at any given time some sectors will be expanding and other receding, and the same is true for firms. To a large degree, subsidies that are provided for "new" jobs will simply support jobs that would have been forthcoming anyway. In addition, the political realities are that the large corporate firms are more likely to receive subsidies, loans, and other incentives than small businesses. The reasons for this are not only the greater political power of the larger firms, but also the relatively substantial employment or unemployment effects of changes in such entitites. Relatively speaking the employment intensity of small businesses is generally far greater than larger ones, and an equal subsidy to the small business sector is likely to absorb more of the unemployed than one to large businesses.[51] But small businesses lack the political power of the multinational corporate behemoths.

In summary, to the degree that active labor policies are used to promote economic growth and full employment, they are limited by their

inflationary potential and a political process which supports certain industries and sectors at the expense of others. Although investment in the less capital-intensive small business sector is likely to create more jobs than the corporate sector, political realities favor the largest entities. Moreover, active labor market policies are limited by their relatively high tax requirements, for when economies are suffering from low economic growth and underemployment there is likely to be a large resistance to rising taxes. Thus, the future of active labor market policies for reducing substantially youth unemployment can hardly be viewed as an optimistic one.

Education and Youth Unemployment

Given this general background on aggregate economic policies to address unemployment, it is appropriate to return to the specific policies for reducing youth unemployment with special emphasis on educational concerns. However, it is important to point out the two major choices before us. Given a dearth of available jobs, many job seekers will be unemployed at any one time. As some get jobs, others will be displaced from work. In both Australia and the U.S. such unemployment is not distributed randomly among different social groups. Rather its burden is vested heavily among youth, and in the U.S., among non-white youth.

There are two ways to reduce youth unemployment. The first is to improve overall economic conditions so that all groups, including youth, benefit. The second is to create programs exclusively for youth, often at the expense of older workers. Most concrete suggestions for improving the employment situation of youth tend to follow the latter strategy, that is to redistribute the burden of unemployment from

youth to adults. For example, it has been suggested that the employment of youth would be more attractive in Australia and the U.S. if they were eligible for a lower minimum wage than for adults.[52] It is true that the provision of a lower minimum wage for youth than adults is likely to shift jobs from low wage adults to lower wage youth. But in the U.S., even the present minimum wage for full-time adult workers is not adequate to provide a standard of living for supporting a small family above poverty levels. Yet, a dual minimum wage would reduce employment among such adults to provide more jobs for youth. Further, when public employment and subsidized jobs in the private sector are targeted for youth, this is necessarily done at the expense of adults who might have received those benefits. Even more to the point, education and training programs that give youth a greater competitive edge in the labor market will ultimately have the effect of displacing adults who would have received these jobs.

In fact, the most distressing aspect of youth employment programs is that if they are successful at getting youth employed they must necessarily create unemployment for other groups. Whether this is good public policy is obviously a normative issue. That is, one could argue that the terrible dilemma of youth unemployment requires that at the very least other parts of the population share the burden of inadequate employment.[53] Therefore, by equalizing the burden among all groups, there is a fairer outcome. However, the counter view is that as bad as the situation is for youth, it is even worse when adults are unemployed. Youth typically have few financial responsibilities beyond their own personal needs, and they are often able to obtain room and board and other types of assistance from their parents. In contrast,

adults often have heavy financial obligations and other responsibilities associated with the support of other family members and health problems that arise as one gets older.

Given a movement towards a more pro-youth policy, targeted education and training programs for youth will certainly have some effect on improving the position of youth in labor markets. While such educational and training programs have not shown notable success in the past--often because training has taken place in fields where there is already a surplus of job-seekers--it certainly would seem possible to improve their performances.[54] Foremost in improving these programs would be more careful attention to matching the actual needs of the labor market with the training required to perform well in those jobs. Even better would be a job-contracting approach between training centers and employers that committed employers to take a minimum number of trained youth who met particular skill requirements. However, even these gains by youth would tend to be at the expense of older workers who had not received the training.

A second type of educational approach is that of using educational leave programs as ways of increasing the number of labor market openings. A number of countries in Western Europe have initiated programs of paid educational leave, where workers have a right to a periodic period of study that is paid for out of a fund that is financed by a payroll tax on employers and employees.[55] Presumably, educational leaves provide a means to upgrade the skills of workers while creating openings for new workers to replace those who are taking such leave. Indeed, in Holland this approach is seen as an important tool for actively promoting a reudction in unemployment.[56] Since the plan is based upon a voluntary

"rotation" of the labor force in which those on leave improve their own skills, it tends to increase the welfare of both the persons on leave as well as those who gain employment by these policies. The biggest obstacles from a social perspective are matching the needs of employers with the available supply of unemployed workers as well as finding new positions that will use the training of those who return from educational leave.

Another voluntary approach to increasing employment opportunities for youth through education would be to promote to a greater extent careers that enable part-time employment in combination with part-time study. The advantage of such a plan would be that a larger number of youth would be able to obtain job experiences through job-sharing, while still enabling further training and education on a part-time basis. In both Australia and the U.S. the incentives tend to be patterned in the direction of full-time work or full-time employment. On the employment side, many employers seek full-time workers for jobs rather than considering the sharing of jobs among two workers. Further, student subsidies and scholarships are typically limited primarily to full-time students on the basis that the part-time student already has adequate financial support from his or her work. By designing public policies to encourage more part-time opportunities in both public and private employment and the provision of student subsidies for part-time study, it is possible to increase the number of youth in both the workplace and schools.

Finally, the gravity of the youth unemployment situation calls for bold new approaches to both job creation and training. One possibility would be the establishment of youth producer cooperatives,

firms that would be both owned and democratically managed by their workers. Such establishments would cater to young persons by requiring that half or two thirds of their positions be allotted to workers under the age of 25. The reason for including older workers would be to provide a core of experienced workers to create stability in the firm and guidance for those with less experience. The fact that these firms would be owned and democratically operated by their workers would create strong attachments of workers to the work process because all would share in the success of the enterprise. Further, the shape of the work environment would be determined by the workers themselves.

Producer cooperatives have typically devoted themselves to extensive on-the-job training and job rotation so that workers obtain skills in a variety of areas. Further, they have been shown to have relatively low capital requirements and high productivity in contrast to more conventional firms.[57] The government could assist with financing, organization, and initial training with the same funds that would otherwise be used for public employment or private sector job subsidies. However, ultimately the youth producer cooperatives should be self-sustaining. Such firms would be developed in areas of social needs for which the private sector is not responding adequately. For example, the production of energy saving products or manufacture and installation of solar heating devices are prospective areas of continued market growth.

These firms could also be linked to secondary schools, training institutes, and universities by providing opportunities for part-time members with more limited ownership and voting rights. Thus, some individuals could advance to full-time status upon graduation, while others would leave for full-time positions elsewhere. The firms would

also benefit youth by emphasizing cooperative training and problem solving in the production and marketing spheres. Such firms would have the advantages of both creating jobs and continuing training in a flexible way that connected secondary and tertiary educational institutions to labor markets.

Summary

Since youth unemployment is not primarily an educational problem, education and training must be viewed as a part of the solution rather than its core. Rather, job creation and increased employment for the economy as a whole are the necessary conditions for addressing youth unemployment.[58] However, various educational and training programs can give youth a greater competitive advantage relative to adults than they presently have, increasing youth employment at the expense of their older colleagues. Further, systems of paid educational leave and the encouragement of part-time work and part-time schooling combinations can "rotate" existing job opportunities among a larger number of persons. Finally, bold new approaches that can create jobs at relatively low cost and combine them with further training while connecting schools to the overall labor market would have the most promise. One possibility that appears particularly promising is the youth producer cooperative, but no educational or training device should be viewed, in itself, as a major onslaught on youth unemployment.

It is important to emphasize that in both the U.S. and in Australia, the attack on youth unemployment has largely been a war of words. When educators and others talk of career education and the need to develop an institutional transition from school to work, there is a certain futility to their rhetoric. For whatever the justification is

of providing additional knowledge about the working world and further work experience or training, these devices do not address the fundamental issue of inadequate employment opportunities. There will be no solution to the problem of youth unemployment without more jobs, and there will likely be little improvement in the relatively high turnover of youth among existing jobs without greater job challenges and more opportunities for career growth rather than dead-end jobs.

Although education and training policies can be used to support the necessary preparation required for new jobs and ones with greater challenge for youth, the strategies for job creation and enrichment must come first. The persistent failure of economies that are dominated by a relatively small number of powerful, multi-national, corporate entities to provide full employment and price stability has raised a much larger issue for the eighties. Can social objectives in the economic sphere be obtained without democratic control of the economy, that is a movement toward economic democracy?[59] Or should we continue to leave these crucial decisions to a relatively few and powerful enterprises operating on a global basis with the hope that their quest for profits is compatible with our basic societal needs for full employment, stable prices, economic growth, and social equity?

Footnotes

1. For example, see the overview by P. Melvyn and D. H. Freedman 1979.

2. M. Colless 1980; M. Fraser 1980; J. Hoare 1980.

3. There are substantial publications for each country on the general issue of youth unemployment and on its specific aspects. This literature is so voluminous that no attempt will be made to summarize it here, although pertinent citations are made in different parts of this paper. For Australia, a good summary of the situation is found in P. H. Karmel 1979. For the U.S., summaries are found in R. Freeman and D. Wise 1979, A. Adams and G. Mangum 1978, and M. J. Newman 1979. Societies like Australia and the U.S. are different enough in so many aspects of their economies and educational systems that comparative studies of the causes and solutions for youth unemployment are risky. Accordingly, this paper will attempt to explore general patterns for the two societies rather than make detailed comparisons. An attempt to carry out a more rigorous comparative endeavor and its hazards is found in R. Layard 1980 which contrasts the U.S. and U.K. See especially the criticisms of his work that follow the presentation.

4. One issue that will not be addressed in this paper is the accuracy of unemployment rates in reflecting unemployment. The numbers reflect only those persons who did not have employment and were looking for work at the time of the survey. Thus, they are not adjusted for persons who withdrew from the labor force because of poor prospects or persons working part-time who desired full-time work. A discussion of some of these issues across major surveys in the U.S. is found in R. Freeman and J. L. Medoff 1980. Further, if youth increase their length of job search over time to obtain better jobs or take and leave jobs in relatively rapid succession to search for better employment, the effect on the unemployment rate and its interpretation become even more open to controversy. See for example, L. Leighton and J. Mincer 1980; R. Hall 1980; and the comments following both articles that present critiques of their interpretations.

5. See B. Becker and S. Hills 1980, and D. T. Ellwood 1980. For evidence on the relation between unemployment and future wages and employment for females, see M. Corcoran 1980.

6. U.S. Department of Labor 1980: pp. A-6 and A-7. For specific analyses of nonwhite youth unemployment, see G. Mangum and S. Seninger 1978, and M. Newman 1979.

7. The lack of uniformity of findings in this area and the differences in interpretation are reflected in A. Rees and W. Gray 1980 and the comments on their presentation that follow the article.

8. Summarized in R. Freeman and D. Wise 1979: p. 8. Also see K. Clark and L. Summers 1980.

9. Committee of Inquiry into Education and Training 1979, Vol. 1: p. 654.

10. P. Karmel 1979: p. 6.

11. I am indebted to Professor R. W. Connell of Macquarie University for this point.

12. Obviously, the incentives for completion of any level of schooling are related to both the opportunities for early leavers and those for graduates. If the economic returns to graduates are very high relative to those for leavers, the incentives to complete school are high. For a technical analysis of these relations, see G. Becker 1964.

13. Summarized for 1967 to 1978 in P. H. Karmel 1979: p. 5.

14. A more formal analysis of the relation between the education of an individual and his or her place in the job queue is found in L. Thurow 1975.

15. For an example of how even the most sophisticated analyses of statistical time series can lead to ambiguous results, see M. Wachter and C. Kim 1980. Analyses of the effects of federal minimum wages in the U.S. on the employment of youth tend to lead to different conclusions, depending on whether measures of the changes in youth demography that paralleled rises in the minimum wage are included in the analysis. Thus, studies that find a negative impact of rises in the minimum wage on youth employment omit a measure of increases in youth cohorts, and those that find no impact include such a measure. See U.S. Congressional Budget Office 1976: pp. 33-39.

16. Data of Australian Bureau of Statistics as summarized in G. Burke 1980: p. 9 and Table 4. Further, according to the Australian Bureau of Statistics, the absolute number of 15-19 year olds is declining at present, with no obvious impact on unemployment rates. See Commission of Inquiry into Education and Training 1979, Vol. 1; p. 587.

17. G. Burke, op. cit.

18. R. Freeman and D. Wise 1979: p. 6. A brief explanatory summary of these patterns is E. Ginzberg 1980. Also see N. Bowers 1979 and M. Newman 1979.

19. It is also noteworthy that the U.S. labor market has been able to deal with a tripling in the proportion of the population that has been newly-seeking work in the summer, without an appreciable increase in unemployment rates. See M. Wachter and C. Kim 1980: pp. 16-21.

20. A well-known policy report that makes this recommendation is J. S. Coleman et al. 1974: p. 168.

21. Data of Australian Bureau of Statistics as compiled by G. Burke 1980: Table 3.

22. Ibid., Table 2 and data for 1980 from Australian Bureau of Statistics, Catalogue No. 6201.0 (March 1980), p. 3.

23. Ibid., Table 3.

24. Ibid., Table 2.

25. R. Freeman and S. Wise 1979: p. 12.

26. See E. M. Gramlich 1976 for a discussion.

27. See footnote 15 on the varying estimates of effects of minimum wages on unemployment. Even if it is assumed that the largest estimated effects are valid (a dubious assumption), they would explain only a small proportion of youth unemployment. For example, J. Ragan 1977 estimated that the increase of the minimum wage in 1966 in the U.S. caused unemployment rates for white teenagers to be almost 4 percentage points higher and for black teenagers about 3 percentage points higher in 1972 than in the absence of that rise in the minimum wage. This estimate would have left over seventy percent of the unemployment rate of white teenagers and almost ninety percent of the unemployment rate of black teenagers to be explained by other factors. Also, see M. Lovell 1972.

28. J. Hoare 1980.

29. Ibid.

30. Committee of Inquiry into Education and Training, 1979, Vol. 1: p. 618.

31. See the reports of the decline in test scores among U.S. students in W. Wirtz et al. 1977.

32. The assumption that skill levels for satisfactory performance in an occupation are rising is highly controversial. What empirical evidence does exist tends to support the opposite conclusion. See for example, J. Bright 1966, R. Rumberger (forthcoming), H. Braverman 1974 and I. Berg, M. Freedman, and M. Freeman 1978.

33. Committee of Inquiry into Education and Training, 1979, Vol. 2: App. M.

34. Ibid., p. 458.

35. Ibid., p. 468 and pp. 474-497

36. Ibid., p. 493.

37. See footnote 32.

38. Charles Brown 1980.

39. See R. Rumberger (forthcoming).

40. See footnote 31.

41. Ibid.

42. For example, even when test scores are found to be related statistically to employment success and earnings, the relation seems rather trivial. For example, a recent U.S. study found that an increase in student test scores of one standard deviation (from the 50th percentile to the 84th percentile) was associated with a wage rate that was about 3 percent higher and about one additional week of employment annually. See R. Meyer and D. Wise 1980.

43. For a discussion of these approaches, see J. L. Palmer (ed.) 1978 and Congressional Budget Office 1977.

44. K. Clark and L. Summers 1980: p. 46.

45. Summarized in R. Freeman and D. Wise 1979: p. 10.

46. U.S. Department of Labor 1979: pp. 163-164.

47. This is clearly the conclusion of studies on the overall youth labor market such as K. Clark and L. Summers 1980 and U. S. Department of Labor 1979.

48. The average increases in price levels between 1970-78 for Australia and the U.S. were 12.8 and 6.8 percent respectively. See The World Bank 1980, p. 111.

49. An excellent summary of such policies is G. Rehn 1980.

50. For analyses of both expansion of public sector jobs and subsidized jobs in the private sector see the essays in J. L. Palmer (ed.) 1978 and J. Bishop and R. Haveman 1978.

51. The World Bank 1978.

52. For Australia, see W. M. Corden 1979. For the U.S., see J.S. Coleman, et al. 1974: p. 168.

53. Or, possibly the shifting of the unduly high unemployment burden of nonwhites to whites might be desirable, even if an overall reduction in unemployment cannot be attained. It should be noted that since nonwhites are a smaller proportion of the population than whites, a large reduction in nonwhite unemployment in the U.S. could be done with only a small increase in white unemployment. Of course, the absurdity of all this is in its debate over how to share the shortage of jobs, where the shortage itself is taken for granted.

54. It is remarkable how much the public policy solution for youth is still focused on education and training programs, given their relatively dismal past and the fact that even if they are successful they are likely only to redistribute the unemployment from youth to adults. For present initiatives in Australia, see J. L. Carrick and I. Viner 1979 and their proposal for "A Comprehensive Policy for Transition from School to Work." For the U.S., see the Youth Employment Act that was wending its way through Congress in Autumn 1980. The latest version at the time that this paper was being drafted was printed in the Congressional Record (September 27, 1980). The rather depressing record of educational and training programs for the disadvantaged with respect to improving their economic status for the first ten years of the War on Poverty is reviewed in H. M. Levin 1977.

55. K. Von Moltke and N. Schneevoight 1976.

56. L. Emmerij 1979.

57. These conclusions are drawn from H. M. Levin 1980 and R. Jackall and H. M. Levin, forthcoming.

58. This tends to be recognized by many policy-makers, but the political attractiveness of training and education tend to push public policy in that direction. See, for example, the options set out in Congressional Budget Office 1976. The education and training solution has certain attractive qualities such as the ideological one of helping youth to help themselves and implicitly placing the blame on youth for their own failure to find work until they are properly trained. In contrast, policies of job creation are expensive, interfere with the private market, and tend to place blame on the society and its economic system for not creating enough jobs for all who wish to work at reasonable wages can be forthcoming in advanced capitalist societies. See M. Harrington 1980 and L. Thurow 1980. A more optimistic view is National Council on Employment Policy 1980.

59. M. Carnoy and D. Shearer 1980.

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